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Volume 10

MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA

December 1965

Number 5

Released Pursuant to §1090.27(j) and §1090.85, USDA-C&MS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411JUN 14 1966
CURRENT SERIAL RECORDSMARKET SUMMARY DECEMBER 1965

The MINIMUM uniform producer price is \$4.73 per cwt. f.o.b. Chattanooga Area pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 8.0 cents for each one-tenth of one percent above or below 3.5%. The Chattanooga Area Milk Producers Association has announced a premium of 30 cents or a producer blend price of \$5.03 per cwt. for milk testing 3.5% butterfat.

During December 79.1% of the total producer milk was priced in Class I at \$5.14 per cwt. with a butterfat differential of 8.2 cents and 20.9% in Class II at \$3.36 per cwt. with a butterfat differential of 7.3 cents. The daily average use of Gross Class I milk decreased 10.6% compared with November 1965 and increased 2.4% compared with December 1964.

Daily average delivery of milk from producers was 635,256 pounds in December 1965, a decrease of 2,144 pounds per day compared with November 1965 and an increase of 57,730 pounds compared with December 1964. Percentage-wise, December deliveries decreased 0.3% compared with November 1965 and increased 10.0% compared with December 1964.

MILK SAMPLES TESTED - Producer Fresh Samples 5,626 - Handler Finished Products 241.

NEW MILK BASES - Milk bases to be used March through July 1966 will be calculated from milk deliveries during September 1965 through January 1966. A base is assigned to the producer name (payroll check account) as reported by the receiving handler. Producers, especially partnerships, are urged to see that their name is correctly listed with the handler and Market Administrator. Milk bases will be announced, by the Market Administrator, on or before March 1, 1966.

NUMBER OF FARM PAYROLL ACCOUNTS

	1964	1965											
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
New	4	1	0	1	2	3	0	2	3	9	2	19	2
Quit	3	3	3	4	8	2	3	4	5	9	3	12	4
Total	681	679	676	673	667	668	665	663	661	661	660	667	665

PRODUCER RECEIPTS COMPARED WITH GROSS CLASS UTILIZATION
(JANUARY THRU DECEMBER)

1965	Producer Milk	226,398,625 lbs.	up 10.4% from 1964
1964	Producer Milk	205,114,323 lbs.	
1965	Gross Class I	184,365,355 lbs.	up 2.8% from 1964
1964	Gross Class I	179,335,030 lbs.	
1965	Gross Class II	57,299,886 lbs.	up 37.6% from 1964
1964	Gross Class II	41,653,131 lbs.	

0 30 60 90 120 150 180 210 240
(Million Pounds)

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	% Dec. '65 Over Dec. '64	Dec. . 1965	Nov. 1965	Dec. 1964
Number of Plants (Pool and Non-Pool)		11	11	12
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	+ 10.0	635,256	637,400	577,526
Other Source	+ 2.8	15,549	18,728	15,131
Other Federal Orders	- 45.5	9,305	5,803	17,083
Total Milk Receipts	+ 8.3	660,110	661,931	609,740
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>				
Class I Uses:				
Fluid Milk	- 2.2	398,490	422,269	407,538
Fluid Skim	+ 4.3	24,416	24,438	23,402
Buttermilk	+ 1.7	42,644	42,929	41,920
Flavored Milk and Drink	+ 10.8	12,566	13,821	11,341
Fluid Cream (Sweet and Sour)	+ 7.8	3,474	2,978	3,222
Other (Shrinkage, Inventory, etc.)		704	3,506	522
Transfers to Non-Pool Plants		25,520	57,881	7,992
Total Class I Milk	+ 2.4	507,814	567,822	495,937
Class II Uses:				
Ice Cream Mixes		31,937	34,637	27,132
Cottage Cheese		14,992	17,807	16,356
Powdered and Condensed Milk		60,353	23,151	38,696
Livestock Feed and Skim Dumped		6,114	4,807	5,932
Shrinkage Class II		8,854	10,953	8,993
Other (Butter, Inventory, etc.)		6,206	(8,162)	(1,631)
Transfers to Non-Pool Plants		23,840	10,916	18,325
Total Class II Milk	+ 33.8	152,296	94,109	113,803
Class I Pounds in Marketing Area	+ 3.1	297,521	312,769	288,568
Class I Pounds Outside Marketing Area	+ 1.4	210,293	255,053	207,369
Gross Class I Butterfat Pounds	+ 3.1	18,502	20,911	17,948
Gross Class II Butterfat Pounds	+ 17.4	8,772	6,079	7,475
Total Butterfat Pounds	+ 7.3	27,274	26,990	25,423
% Producer Milk of Gross Class I		125.1	112.3	116.5
% Producer Milk priced in Class I		79.1	88.3	84.8

JANUARY 1966 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	Jan. '66	Dec. '65	Jan. '65
Basic Formula	\$3.47	\$3.39	\$3.29
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	0.00	0.00	0.02
Class I Price, 3.5% Butterfat	\$5.22	\$5.14	\$5.06
Per \$1090.51(a)			
Supply-Demand Comparison: 1st and 2nd preceding months: November and December			
Supply: Lbs. Producer Milk (Nov. 19,122,003 and Dec. 19,692,918)			38,814,921
Demand: Lbs. Net Class I Milk (Nov. 16,949,660 and Dec. 15,647,159)			32,596,819
Utilization Percentage: Producer milk divided by Class I			119
Standard Utilization Percentage: Range 117-121			119
Net Deviation Percentage: Utilization minus Standard Utilization			-0-
Supply-Demand Adjustment: 2 cents x 0 percentage points			\$0.00

The price is not adjusted by the supply-demand formula, since the supply in relation to the demand is within the standard utilization range of 117-121.

COMPUTATION OF PRODUCER UNIFORM PRICE

DECEMBER 1965	Class %	Milk Pounds	Butterfat Test - %	Cwt.Price @ Test	Gross Value
Gross Class I		15,742,237	3.643		
Less Other Source		171,596	2.291		
Producer Milk Class I	79.1	15,570,641	3.658276	\$5.269786	\$ 820,539.46
Gross Class II		4,721,170	5.760		
Less Other Source		598,893	1.551		
Producer Milk Class II	20.9	4,122,277	6.371964	5.456534	224,933.45
TOTAL PRODUCER MILK (Cl.I + Cl.II)	100.0	19,692,918	4.226326		\$1,045,472.91
Add Value of Overage					76.40
Add Value of Other Source Receipts					
Allocated to Class I and Location Adj.		76,518			2,985.00
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					8,540.02
TOTAL VALUE AT TEST		19,769,436	4.217667	\$5.347013	\$1,057,074.33
Less Test over 3.5% @ 8.0¢ per point		19,769,436	.717667	0.574134	113,503.05
TOTAL UTILIZATION VALUE AT 3.5%		19,769,436	3.5	\$4.772879	\$ 943,571.28
Less Producer-Settlement Fund Reserve		19,769,436		.042879	8,476.94
PRODUCER UNIFORM PRICE F.O.B. POOL PLANTS		19,769,436	3.5	\$4.73	\$ 935,094.34

 DECEMBER 1965 MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS
 BUTTERFAT DIFFERENTIAL 8.0¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$4.33	3.6	\$4.81	4.2	\$5.29	4.8	\$5.77	5.4	\$6.25
3.05	4.37	3.65	4.85	4.25	5.33	4.85	5.81	5.45	6.29
3.1	4.41	3.7	4.89	4.3	5.37	4.9	5.85	5.5	6.33
3.15	4.45	3.75	4.93	4.35	5.41	4.95	5.89	5.55	6.37
3.2	4.49	3.8	4.97	4.4	5.45	5.0	5.93	5.6	6.41
3.25	4.53	3.85	5.01	4.45	5.49	5.05	5.97	5.65	6.45
3.3	4.57	3.9	5.05	4.5	5.53	5.1	6.01	5.7	6.49
3.35	4.61	3.95	5.09	4.55	5.57	5.15	6.05	5.75	6.53
3.4	4.65	4.0	5.13	4.6	5.61	5.2	6.09	5.8	6.57
3.45	4.69	4.05	5.17	4.65	5.65	5.25	6.13	5.85	6.61
3.5	4.73	4.1	5.21	4.7	5.69	5.3	6.17	5.9	6.65
3.55	4.77	4.15	5.25	4.75	5.73	5.35	6.21	5.95	6.69

COMPARISON OF PRODUCER RECEIPTS AND GROSS CLASS I (DAILY AVERAGE)

Month	PRODUCER RECEIPTS			GROSS CLASS I		
	1965	1964	1963	1965	1964	1963
Jan.	596,761	532,316	493,008	494,256	487,184	389,629
Feb.	591,241	533,555	497,477	499,105	497,493	406,650
Mar.	590,445**	533,163	481,460**	494,283	476,604	400,023
Apr.	642,007	556,173	581,767*	497,275	485,721	436,741
May	634,015	558,588	561,122	474,496	467,902	425,232
June	604,907	530,133**	536,085	448,404**	452,652	387,040**
July	595,861	536,759	527,177	471,881	450,675**	394,125
Aug.	611,908	591,226	537,739	473,692	466,287	430,227
Sept.	655,531*	618,770*	559,664	572,210*	551,079*	450,589
Oct.	646,998	579,109	531,485	561,613	542,789	477,742*
Nov.	637,400	577,284	517,143	567,822	507,098	477,170
Dec.	635,256	577,562	519,287	507,814	496,019	444,169
Simple Average	620,194	560,387	528,618	505,238	490,125	426,611

*High Month of Year

**Low Month of Year

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Dec. '64	\$4.75	-	-	7.8¢	\$5.10	8.1¢	\$3.18	6.8¢
Jan. '65	4.66	-	-	7.4	5.06	7.7	3.12	6.7
Feb.	4.59	-	-	7.2	5.00	7.5	2.80	6.7
Mar.	4.54 ^{2/}	\$4.67	\$2.73	7.2	4.97	7.5	2.77	6.7
Apr.	4.41 ^{2/}	4.63	2.69	7.2	4.97	7.5	2.73	6.8
May	4.35 ^{2/}	4.57	2.64	7.4	4.98	7.7	2.68	6.8
June	4.34 ^{2/}	4.54	2.62	7.4	5.01	7.7	2.66	6.8
July	4.40 ^{2/}	4.62	2.62	7.4	4.95	7.7	2.66	6.8
Aug.	4.39	-	-	7.4	4.96	7.7	2.65	7.0
Sept.	4.58	-	-	7.8	4.82	7.9	3.30	7.2
Oct.	4.63	-	-	7.8	4.88	8.1	3.33	7.2
Nov.	4.85	-	-	8.0	5.09	8.2	3.35	7.3
Dec.	4.73	-	-	8.0	5.14	8.2	3.36	7.3
Jan. '66	-	-	-	-	5.22	8.2	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA Minn.-Wisc. Mfg.Grade Milk \$-cwt-3.5%
	4 Tenn. Milk Mfg.	Butter Powder	4 Tenn. Milk Mfg. \$-cwt-4%	Chi.92° Butter ¢ Lb.	Chi.Area Powder ¢ Lb.	
Dec. '64	2.81	3.18	3.150	59.24	14.20	3.29
Jan. '65	2.81	3.12	3.144	58.00	14.23	3.25
Feb.	2.80	3.12	3.138	57.99	14.27	3.22
Mar.	2.77	3.12	3.106	57.99	14.25	3.22
Apr.	2.73	3.17	3.069	58.97	14.22	3.23
May	2.68	3.17	3.025	58.97	14.28	3.22
June	2.66	3.17	3.000	58.97	14.21	3.20
July	2.66	3.17	3.000	59.00	14.24	3.21
Aug.	2.65	3.25	3.000	61.03	14.31	3.25
Sept.	2.72	3.30	3.081	62.22	14.21	3.29
Oct.	2.75	3.33	3.106	62.89	14.31	3.34
Nov.	2.83	3.35	3.194	63.27	14.42	3.39
Dec.	2.90	3.36	3.269	63.45	14.31	3.47

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK ^{3/}			PRODUCER DATA ^{3/}				Deliveries Per Farm----			Prod. Milk Test
	No. Hdlrs.	Total Receipt	Class I Use	Class I Use	Total Delivery	Base Delivery	No. Prod.	Prod.	Base	Exc.	
Dec. '64	12	609,740	495,937	489,893	577,526	-	681	848	-	-	4.29
Jan. '65	12	635,165	494,256	488,626	596,761	-	679	879	-	-	4.21
Feb.	12	633,273	499,105	486,765	591,241	-	676	875	-	-	4.22
Mar.	12	626,437	494,283	483,039	590,445	552,135	673	877	820	57	4.17
Apr.	12	697,927	497,275	486,698	642,007	569,531	667	963	854	109	4.02
May	12	692,923	474,496	464,947	634,015	559,591	668	949	838	111	3.92
June	12	666,977	448,404	435,985	604,907	541,251	665	910	814	96	3.91
July	11	645,957	471,881	459,483	595,861	531,137	663	899	801	98	3.89
Aug.	11	656,625	473,692	462,349	611,908	-	661	926	-	-	3.87
Sept.	11	693,458	572,210	560,088	655,531	-	661	992	-	-	3.93
Oct.	11	673,905	561,613	553,950	646,998	-	660	980	-	-	4.14
Nov.	11	661,931	567,822	562,847	637,400	-	667	956	-	-	4.20
Dec.	11	660,110	507,814	502,279	635,256	-	665	955	-	-	4.23

^{1/} Excludes Premiums^{2/} Weighted Average Price^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I